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Crediting Interest on Contributions and Payments

Amendment to Section 24 of General Regulation 909:

Effective July 1, 2012, section 24 of Regulation 909 - which deals with crediting of interest on contributions and other payments - is replaced by sections 24 and 24.1–24.5 of Regulation 909.

There are no material changes to the crediting of interest on contributions or payments. However, 'bank deposit rate' and 'pension fund rate of return' are now defined terms.

Crediting Interest on Retroactive Pension Payments:

Q1. If a pension plan owes retroactive pension payments to a retired member, should these payments be credited with interest? If so, how should the interest be credited and what rate should be used?

A1. Yes, retroactive pension payments owing to the retired member must be credited with interest. The minimum interest rate to be used is the same rate that is used to calculate the interest on contributions to the plan made by members and former members, as set out in section 24(2) or 24(3) of Regulation 909: General (depending on whether the plan is a defined benefit plan or a defined contribution plan). Interest should be credited to each pension payment from the date when the pension payment was due until the beginning of the month in which it is actually paid. The lump sum amount owing to the retired member is, therefore, the sum of each of the pension payments plus interest on each specific pension payment. -04/2016

FSRA is actively reviewing all FSCO regulatory direction, including but not limited to forms, guidelines and FAQs.

Until FSRA issues new regulatory direction, all existing regulatory direction remains in force.

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